

MINUTES OF MEETING OF THE CORPORATIONS COMMITTEE
October 7, 2005

A regular meeting of the Corporations Committee (the "Committee") of the Business Law Section of the State Bar of California was held at the San Francisco Airport Westin on October 7, 2005. Attendance was as follows:

MEMBERS PRESENT:

Nelson D. Crandall
Christopher A. Delfino*
Bruce R. Deming
Matthew R. Gemello
Steven R. Harmon
Peter Heinecke
Nina L. Hong
Victor Hsu*
Brian A. Lebrecht
Michael A. Occhiolini
William R. Sawyers
David M. Serepca
Lemoine Skinner III*
Jennifer Lynn Sostrin
Steven B. Stokdyk
James J. Thompson*
Suzanne L. Weakley
Bertha Cortes Willner
Russell J. Wood

MEMBERS ABSENT:

Curt C. Barwick
Clint Davis
Stewart Laughlin McDowell
Deborah J. Ruosch
Brian M. Wong

LIAISONS AND GUESTS PRESENT:

Larry Doyle, State Bar of California, Office of Government Affairs*
Jean Magistrale, CEB
Colleen Monahan, Department of Corporations*

*Via Telephone

The minutes summarize discussion primarily in the order items were listed on the Agenda for the meeting previously circulated to members of the Committee, which is not necessarily the order in which the items were actually taken up at the meeting. The Committee did not take up those topics listed on the Agenda that are not described in these minutes.

I. ADMINISTRATIVE MATTERS

1. Opening Remarks: The meeting was called to order by Co-Chairs Gemello and Stokdyk at 9:30 a.m.
2. Meeting Schedule: Mssrs. Gemello and Stokdyk reviewed the 2005-2006 meeting schedule.
3. Minutes of September Meeting: In the absence of Mr. Barwick, action regarding the minutes for the September meeting was deferred to the November meeting.

II. AGENCY AND LIAISONS' REPORTS

1. Department of Corporations: Ms. Monahan reported that the DOC has several new attorneys. Ms. Monahan reported that the next stage in the DOC's electronic filings project is form 25102(o) and the investment company filing. Ms. Monahan updated the Committee on the DOC's Uniform Securities Act project. The DOC is still reviewing the USA internally. Ms. Monahan reported on the status of AB 153.
2. Office of Governmental Affairs: Mr. Doyle confirmed that there was relatively little legislative activity relating to corporations. Mr. Doyle then reported on the status of several bills, including SB 627 (to remove usury exemption for transactions involving real property). Mr. Doyle reported that the ALPs of the Board of Governors have been circulated to the Board and the sections and committees of the Bar and to a number of interested parties in Sacramento. No comments have been received on any of the proposals so far. It is anticipated that the Board will approve the ALPs at its October meeting.
3. Corporate Law Departments: Mr. Sawyers updated the Committee on the progress of the Corporate Law Departments Committee's magazine.
4. Cyberspace Law: Mr. Serepca reported on the status of the Cyberspace Law Committee.
5. Financial Institutions: Ms. Sostrin reported on the September meeting of the Financial Institutions Committee (the "FS Committee"). Ms. Sostrin reported that the FS Committee would like to set up new subcommittee to address a potential legislative proposal regarding the Grafton case and will be working directly with the corporations committee in this regard.
6. Non-Profit Corporations: Mr. Delfino reported that there is nothing new to report regarding the Non-Profit Corporations Committee.
7. Partnerships and LLCs: Mr. Deming reported on the status of the Partnerships and LLCs Committee.

8. Appointment of New Liaisons: The following Committee members were appointed to serve as BLS Committee liaisons for 2005-2006:
 - a. Corporate Law Departments - Steven R. Harmon
 - b. Cyberspace Law - Russell J. Wood
 - c. Financial Institutions - Michael A. Occhiolini
 - d. Non-Profit Corporations - William R. Sawyers
 - e. Partnerships and LLCs - Lemoine Skinner III
 - f. UCC - Nina Hong
 - g. Executive Committee - So. Cal.: Keith Paul Bishop (Steven K. Hazen, alternate); No. Cal.: Kevin C. Kelso (Suzanne S. Grasier, alternate)

III. SUBCOMMITTEE REPORTS

1. Legislation: Mr. Delfino reported on the status of AB 241 (mergers; certificate of satisfaction) and AB 153 (monetary awards; CSA violations). Mr. Stokdyk reported on certain technical amendments. Additionally, Mr. Delfino reported on two new projects:
 - a. Jury Waivers. Mr. Hsu, Ms. Sostrin, Mr. Occhiolini and Mr. Delfino volunteered to a new subcommittee to work on a legislative proposal for Grafton, with Mr. Delfino to take the drafting lead.
 - b. Corporate Disclosure Act. Messrs. Harmon and Deming volunteered to a new subcommittee to review the potential for a legislative proposal to repeal the Corporate Disclosure Act.
2. Communication and Website Development: Mr. Serepca and Ms. Sostrin encouraged everyone to look at the website and communicate any ideas for improvements.
3. Education/Publications: Ms. Weakley reported on the status of education/publication efforts.

IV. ONGOING PROJECTS

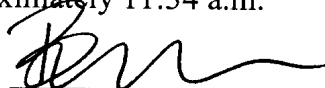
1. National Venture Capital Association Model Forms: Mr. Skinner reported on the status of the NVCA model forms project. Ms. Weakley and Mr. Thompson volunteered to proof the documents. The Committee discussed whether the Committee should affirmatively disclaim taking a position as to whether the form documents represent a "middle-ground" as between the interests of the company and the investors.

2. Close Corporation Model Act Adoption: Mr. Serepca reported that the full draft of the Close Corporation Model Act has been completed. The package of materials posted to the Committee's extranet for the September meeting will be re-posted for the November meeting. Mr. Serepca reported that the earliest the Close Corporation Model Act will be introduced is February 2007.
3. Report on Uniform Securities Act Amendments: The package of materials posted to the Committee's extranet for the September meeting will be re-posted for the November meeting. Mr. Deming and Mr. Skinner will address the Committee as to the status of this project at the November meeting.
4. Legal Handbook for Incorporating a Business in California: Ms. Weakley reported that the Legal Handbook for Incorporating a Business in California is close to being sent to Executive Committee for review.
5. January SEI Presentation: Mssrs. Serepca and Skinner will be presenting the January SEI program on setting up a corporation.
6. ABA Task Force on Attorney-Client Privilege: Mr. Davis volunteered to become involved in the ABA Task Force on Attorney-Client Privilege.

V. NEW BUSINESS

1. New Projects. The Committee discussed various ideas for new projects, including ideas for BLN articles and e-bulletins and a program on shareholder voting.
2. Committee Membership. The Committee has currently has one vacancy.

The meeting was adjourned at approximately 11:34 a.m.



Bertha Cortes Willner, Secretary